

### Inside the NBP's comfort zone

#### Top macro theme(s):

- **The MPC not worried about PLN strength anymore (p. 2):** While the MPC has not introduced any changes to the monetary policy parameters at its latest meeting, the statement has been slightly modified. In particular, the MPC has softened its statement on the zloty.

#### What else caught our eye:

- **The manufacturing PMI** in March rose to 54.3 pts and was the highest since January 2018, reflecting, among others, increasing supply constraints. Production is not able to keep up with booming export orders and as a consequence, production backlogs continue to increase. The sudden increase in demand and supply shortages push up prices of components and finished products - this is a global phenomenon.
- **The general government deficit** in 2020 increased to 6.9% of GDP from 0.7% in 2019, below expectations and levels seen in 2009/2010 (GFC). Public debt in 2020 increased to 57.5% of GDP from 45.6% in 2019 and was lower than the EU-wide threshold of 60%. We expect debt to GDP ratio to decline in 2021.
- According to the government estimates, **unemployment** rate fell to 6.4% in March from 6.5% in February. The number of unemployed decreased by 0.1% m/m (19.7k), despite the renewed tightening of anti-covid restrictions. The following months should bring further declines in the unemployment rate, which in our view will decline to below 6% in summer.
- S&P Global Ratings affirmed Poland's long-term rating at A- with stable outlook.

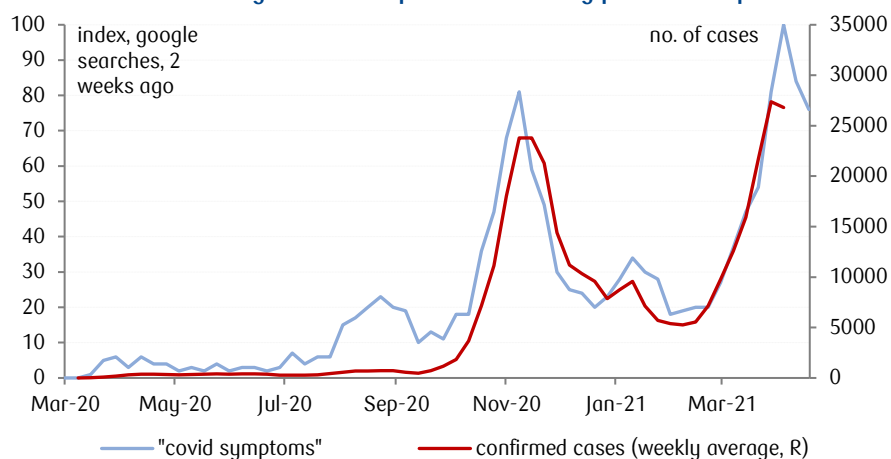
#### The week ahead:

- The detailed **CPI** data will reveal the reasons behind the surprising inflation spike in March (3.2% y/y acc. to the flash estimate).
- Balance of payments data for February will likely show a solid growth of imports and exports, on the back of global manufacturing boom. The record CA surplus has been probably sustained at app. 3.5% of GDP.
- **Polish Supreme Court rescheduled its long-awaited meeting on FX loans from April 13th to May 11th, due to covid restrictions and in anticipation of the CJEU verdict on April 29th.**

#### Number of the week:

- PLN 9.3 bn- NBP profit for 2020 as announced by A.Glapinski during his press conference. PLN 8.9 bn will be transferred to the state budget.

#### Chart of the week: Google searches point to a turning point of the pandemic wave



Source: Google Trends, Ministry of Health, PKO Bank Polski.

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	2020†	2021†^
Real GDP (%)	-2.7	4.7
Industrial output (%)	-1.0	12.3
Unemployment rate# (%)	6.2	5.4
CPI inflation** (%)	3.4	3.1
Core inflation** (%)	3.9	2.8
Money supply M3 (%)	16.4	10.5
C/A balance (% GDP)	3.5	2.7
Fiscal balance (% GDP)*	-6.9	-3.4
Public debt (% GDP)*	57.5	56.9
NBP reference rate## (%)	0.10	0.10
EURPLN†#	4.61	4.53

Source: GUS, NBP, MinFin, †PKO BP Macro Research team forecasts; ‡PKO BP Market Strategy team forecasts; \*ESA2010, \*\*period averages; #registered unemployment rate at year-end; ##at year-end. ^under revision.

## The fx rate does not worry the Council anymore

- While the MPC has not introduced any changes to the monetary policy parameters at its latest meeting, the statement has been slightly modified. In particular, the MPC has softened its statement on the zloty.
- While the MPC keeps downplaying the inflation risks, the sudden rise in inflation in March clearly suggests that CPI will likely remain close (and in some months above) to the upper NBP target band (3.5%) in months to come.
- Nevertheless our interest rates baseline scenario remains unchanged. We still believe that NBP interest rates will remain stable even until the end of 2022.

The MPC has not introduced any changes to the monetary policy parameters on its latest meeting. Interest rates have been left unchanged (reference rate: 0.10%), as well as the QE program and the bill discount credit. The key interest rate, at 0.1%, remains the lowest in our region.

The statement has been slightly modified in the area of the economic situation assessment as compared to that presented a month ago. **In particular, the MPC has softened its statements on zloty**, replacing the assessment that the pace of the recovery is limited by the "lack of a clear exchange rate reaction to the crisis and loosening of the monetary policy" with the statement that "the pace of economic recovery in the country will also depend on the further developments of the zloty exchange rate". In our opinion, this means that the current level of the exchange rate is in the NBP's comfort zone, and the MPC may now attach slightly more importance to the course of inflationary processes. Meanwhile the statement provides us with a long list of arguments justifying that the rise in inflation is only temporary. It clearly suggest, that the NBP will most likely look through the elevated inflation levels which – in our view – we will soon see.

While the MPC continues to downplay inflation risks, CPI surprises on the upside and will likely remain close (and in some months even above) to the upper NBP target band (3.5%) in months to come. According to the flash estimate in March the CPI inflation increased to 3.2% y/y from 2.4% y/y in February, on fuel prices and core inflation. Core inflation has likely (and unexpectedly) jumped to 3.9% y/y from 3.7%. As the flash reading is poor in details, we can only speculate that the upward move was caused by service sector prices (education, healthcare, telecommunication). As the long awaited economic recovery on the base of restriction softening will likely propel service prices and some further hikes of waste disposal bills are ahead (in April a huge hike in Warsaw) one can expect core inflation to remain elevated. Fuel prices increased in March by 6.6% m/m and their annual dynamics jumped to 7.6% y/y from -3.7% y/y in February. In April, due to the low reference base, the yearly dynamics of fuel prices will approach + 20% y/y, further boosting the overall inflation rate. While the annual growth of food prices is muted (+0.5% y/y in March) we expect it to accelerate later this year as indicated by the global agricultural commodity markets. In result our current year-average CPI forecast at 3.1% in 2021 (for many months the highest forecast on the market) might turn out to be too conservative (we will adjust it as soon as the final CPI data for March is published). CPI inflation is likely to be boosted by all components – fuels, food and administrative prices, as well as by a relatively weak PLN. We expect that already in May CPI may reach 4% y/y.

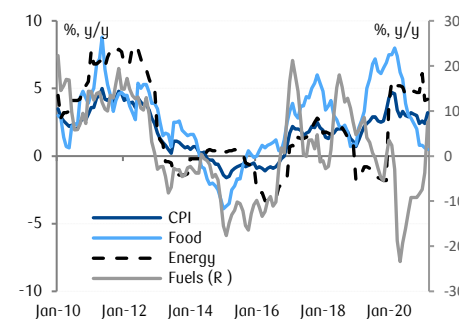
In our opinion, even CPI at 4% y/y is not likely to spoil the mood of the MPC. Our baseline interest rates scenario remains unchanged. During his press conference, Governor A.Glapinski said that expected higher inflation is not caused by an excessive demand. In his opinion the output gap is persistently negative while the long-term inflation expectations remain firmly anchored. We still believe that NBP interest rates will remain stable even until the end of 2022. In their recent comments both the MPC

### EURPLN exchange rate



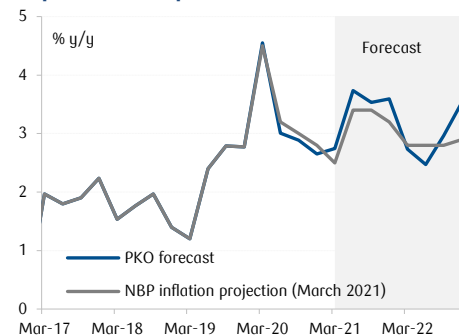
Source: NBP, PKO Bank Polski.

### CPI inflation and main components



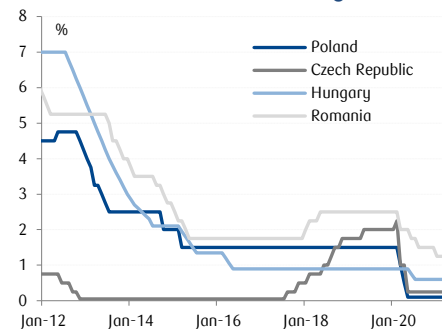
Source: GUS, PKO Bank Polski.

### Expected CPI path



Source: GUS, NBP, PKO Bank Polski.

### Interest rates in the CEE region

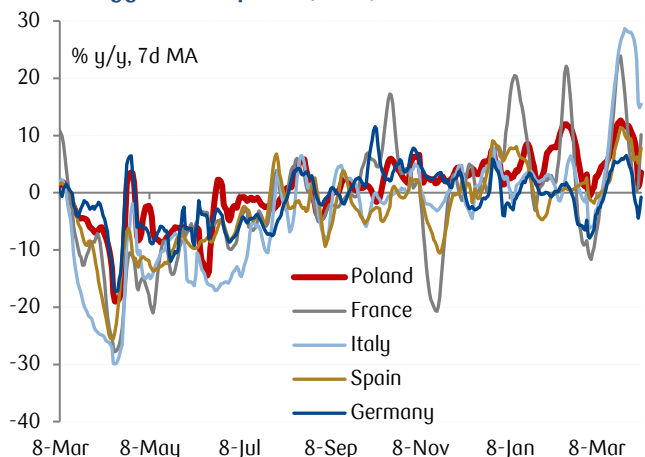


Source: Macrobond, PKO Bank Polski.

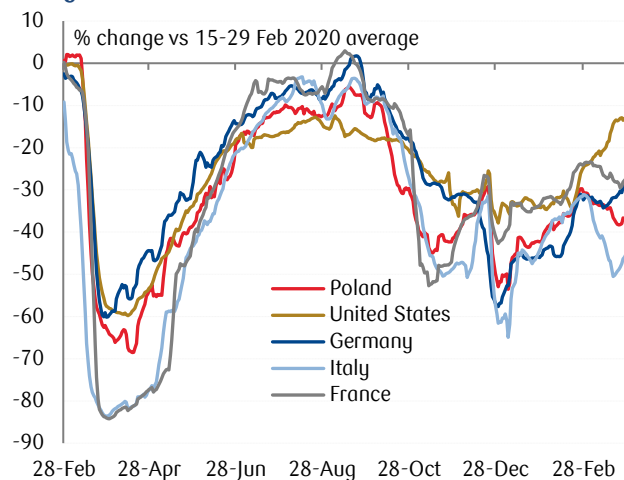
members and the NBP Governor A.Glapinski have frequently referred to the ECB and the Fed, indicating that decisions made by the Polish monetary authorities take into consideration monetary policy parameters in the core markets (and these, in our opinion, will remain unchanged for many quarters). Potential NBP interest rate hikes, introduced in the environment of ultra-accomodative monetary policy of the main global central banks, would create a risk of zloty appreciation, which, in the NBP's opinion, could undermine the competitiveness of the economy and weaken the post-pandemic recovery. It is worth remembering that at the end of 2020 the NBP intervened on the fx market to weaken the PLN, and only during this week's meeting, after the EURPLN moved from 4.48 in February to even 4.67 at the end of March (the highest level since 2009), the NBP softened its statement regarding the unsatisfactory fx reaction to the monetary policy easing. Governor Glapinski admitted, that FX interventions conducted at the end of 2020 allowed the NBP to achieve its goal - the exchange rate adjusted and now meets monetary policy objectives. In our view, the probability of rate hikes will not grow clearly above zero until 2022. The first signal of monetary policy normalization may not come from interest rates, but rather from changes in the asset purchase program.

## Macro monitoring with alternative data

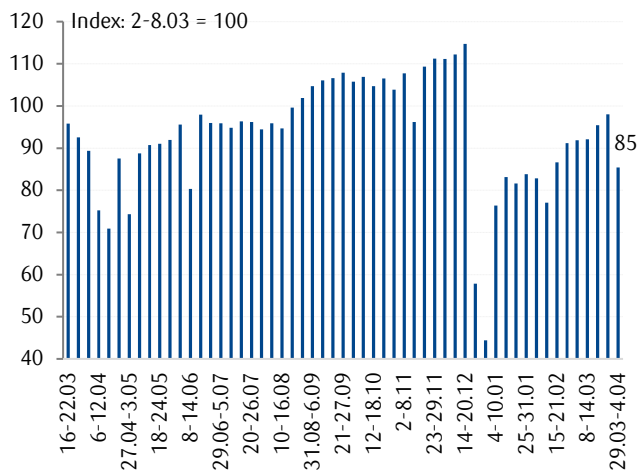
Electric energy consumption (total)



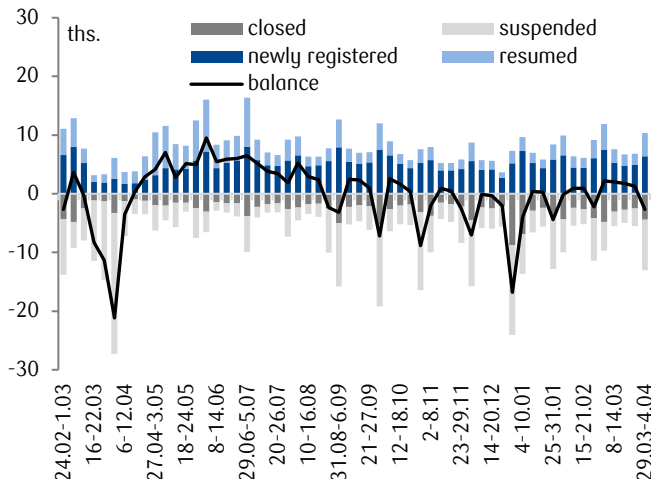
Mobility\*



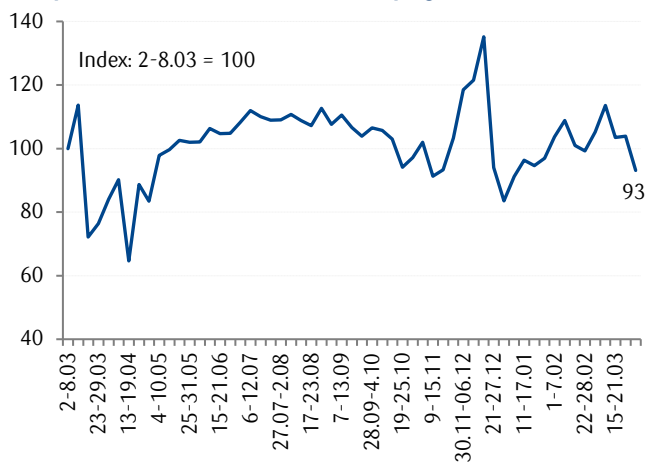
Heavy truck traffic



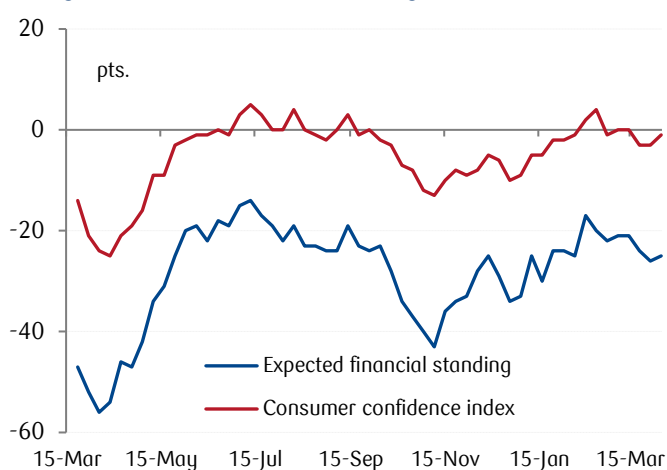
Economic activity status (acc. to CEiDG\*\*)



Consumption based on PKO BP card payments



Weekly consumer confidence survey



Source: PSE, Apple, Google, GDDKiA, CEiDG, Kantar, PKO Bank Polski, \*weighted with market share of iOS and Android, no new google data available, 7DMA, \*\*Central Registration and Information on Business.

## Weekly economic calendar

Indicator	Time (UK)	Unit	Previous	Consensus*	PKO BP	Comment
<b>Monday, 12 April</b>						
EUR: Retail sales (Feb)	10:00	% y/y	-6.4	--	--	--
<b>Tuesday, 13 April</b>						
CZ: CPI inflation (Mar)	8:00	% y/y	2.1	2.3	--	--
GER: ZEW Economic Sentiment (Apr)	10:00	pts.	76.6	79	--	--
POL: Current account balance (Feb)	13:00	bn EUR	3.258	1.5	0.937	Likely confirmation of solid growth of imports and exports, on the back of global manufacturing boom. Record high CA surplus has probably been sustained at app. 3.5% of GDP.
POL: Exports (Feb)	13:00	% y/y	-2.8	2.8	1.6	
POL: Imports (Feb)	13:00	% y/y	-5.3	2.0	3.9	
USA: CPI inflation (Mar)	13:30	% y/y	1.7	2.5	--	--
USA: Core inflation (Mar)	13:30	% y/y	1.3	1.6	--	--
<b>Wednesday, 14 April</b>						
EUR: Industrial production (Feb)	10:00	% y/y	0.1	--	--	--
<b>Thursday, 15 April</b>						
GER: CPI inflation (Mar, final)	7:00	% y/y	1.3	1.7	--	--
GER: HICP inflation (Mar, final)	7:00	% y/y	1.6	2	--	--
POL: CPI inflation (Mar, final)	9:00	% y/y	2.4	3.2	3.2	Detailed CPI data will allow us to track the exact reasons behind the inflation speed-up observed in March.
USA: Initial Jobless Claims (Apr)	13:30		--	--	--	--
USA: Retail sales (Mar)	13:30	% m/m	-3	5	--	--
USA: Retail sales excl. autos (Mar)	13:30	% m/m	-2.7	4.6	--	--
USA: Industrial production (Mar)	14:15	% m/m	-2.2	2.9	--	--
<b>Friday, 16 April</b>						
CHN: GDP growth (1q)	3:00	% y/y	6.5	18.6	--	--
EUR: Trade balance (Feb)	10:00	bn	24.2 bn	--	--	--
EUR: HICP inflation (Mar, final)	10:00	% y/y	0.9	1.3	--	--
EUR: Core inflation (Mar, final)	10:00	% y/y	1.1	0.9	--	--
POL: Core inflation (Mar)	13:00	% y/y	3.7	3.9	3.9	The upward movement could have been caused by the prices of services (education, healthcare, telecommunication)
USA: Housing starts (Mar)	13:30	mln	1.421	1.615	--	--
USA: University of Michigan sentiment (Apr, flash)	15:00	pts.	84.9	89	--	--

Source: GUS, NBP, Parkiet, PAP, Bloomberg, Reuters, PKO Bank Polski. Parkiet for Poland, Bloomberg, Reuters for others.

## Selected economic indicators and forecasts

	Jan-21	Feb-21	Mar-21	4q20	1q21	2q21	3q21	2019	2020	2021
<b>Economic activity</b>										
Real GDP (% y/y)	x	x	x	-2.8	-1.5	9.1	5.4	4.5	-2.7	4.7
Domestic demand (% y/y)	x	x	x	-3.4	-2.7	9.1	4.5	3.5	-3.9	3.9
Private consumption (% y/y)	x	x	x	-3.2	-3.5	14.8	2.0	4.0	-3.0	4.2
Gross fixed capital formation (% y/y)	x	x	x	-10.9	-5.6	3.0	2.4	7.2	-8.4	1.9
Inventories (pp)	x	x	x	0.6	-0.4	-1.2	1.7	-1.4	-0.9	0.2
Net exports (pp)	x	x	x	0.4	1.0	0.7	0.4	1.2	0.8	1.0
Industrial output (% y/y)	0.9	2.7	10.7	5.2	4.9	26.1	10.4	4.0	-1.0	12.3
Construction output (% y/y)	-10.0	-16.9	-10.0	-2.4	-12.2	-4.6	4.2	3.6	-2.7	-2.5
Retail sales (real, % y/y)	-6.0	-3.1	9.4	-2.8	0.0	7.9	1.3	5.4	-2.7	2.4
Nominal GDP (PLN bn)	x	x	x	650.0	561.5	591.7	633.4	2288	2317	2497
<b>Labour market</b>										
Registered unemployment rate‡(%)	6.5	6.5	6.4	6.2	6.4	5.8	5.4	5.2	6.2	5.4
Employment in enterprises (% y/y)	-2.0	-1.7	-1.3	-1.1	-1.6	2.1	1.0	2.7	-1.2	0.6
Wages in enterprises (% y/y)	4.6	4.5	5.9	5.9	5.1	8.0	5.5	6.6	4.8	6.1
<b>Prices^</b>										
CPI inflation (% y/y)	2.7	2.4	3.2	2.8	2.7	3.3	3.2	2.3	3.4	3.1
Core inflation (% y/y)	3.8	3.7	4.0	4.1	3.8	2.6	2.3	1.9	3.9	2.8
15% trimmed mean (% y/y)	2.6	2.3	x	2.9	x	x	x	2.0	3.2	x
PPI inflation (% y/y)	0.7	1.3	3.8	-0.2	1.9	3.4	3.3	1.2	-0.6	2.8
<b>Monetary aggregates‡</b>										
Money supply, M3 (PLN bn)	1820.2	1841.5	1862.9	1822.7	1862.9	1906.2	1936.3	1565.6	1822.7	2013.7
Money supply, M3 (% y/y)	16.8	16.6	14.4	16.4	14.4	9.2	9.9	8.3	16.4	10.5
Real money supply, M3 (% y/y)	14.1	13.9	11.2	14.0	11.7	5.9	6.7	4.9	14.0	7.4
Loans, total (PLN bn)	1337.3	1336.6	1322.3	1333.9	1322.3	1337.9	1358.2	1323.4	1333.9	1378.9
Loans, total (% y/y)	-0.1	-0.2	-3.3	0.8	-3.3	-0.2	1.5	5.1	0.8	3.4
Deposits, total (PLN bn)	1628.0	1644.3	1617.1	1602.2	1617.1	1627.5	1646.7	1406.6	1602.2	1681.3
Deposits, total (% y/y)	13.9	13.7	8.9	13.9	8.9	0.5	1.2	8.2	13.9	4.9
<b>Balance of payments</b>										
Current account balance (% GDP)	3.6	3.7	3.5	3.5	3.5	2.8	2.8	0.5	3.5	2.7
Trade balance (%GDP)	2.4	2.5	2.3	2.3	2.3	2.1	1.9	0.2	2.3	1.6
FDI (% GDP)	0.9	0.9	1.0	1.0	1.0	0.9	1.1	1.6	1.0	1.7
<b>Fiscal policy</b>										
Fiscal balance (% GDP)	x	x	x	x	x	x	x	-0.7	-6.9	-3.4
Public debt (% GDP)	x	x	x	x	x	x	x	45.6	57.5	56.9
<b>Monetary policy‡</b>										
NBP reference rate (%)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.50	0.10	0.10
NBP lombard rate (%)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	2.50	0.50	0.50
NBP deposit rate (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00	0.00
WIBOR 3M <sup>x</sup> (%)	0.21	0.21	0.21	0.21	0.21	0.20	0.20	1.71	0.21	0.20
Real WIBOR 3M <sup>x</sup> (%) <sup>#</sup>	-2.49	-2.19	-2.99	-2.59	-2.49	-3.10	-3.00	-1.69	-3.19	-2.90
<b>Exchange rates<sup>x,‡</sup></b>										
EUR-PLN	4.54	4.51	4.66	4.61	4.66	4.57	4.55	4.26	4.61	4.53
USD-PLN	3.75	3.72	3.97	3.76	3.97	3.84	3.79	3.80	3.76	3.71
CHF-PLN	4.21	4.12	4.21	4.26	4.21	4.15	4.14	3.92	4.26	4.08
EUR-USD	1.21	1.22	1.17	1.23	1.17	1.19	1.20	1.12	1.23	1.22

Source: GUS, NBP, PKO Bank Polski.

<sup>x</sup>PKO BP Market Strategy team forecasts,<sup>‡</sup>period averages for quarterly and yearly data,<sup>#</sup>deflated with current CPI inflation,<sup>‡</sup>period end values,<sup>‡</sup>under revision.

## Monetary policy monitor

MPC Members	Hawk-o-meter*	Recent policy indicative comments
K. Zubelewicz	4.8	"Polish MPC would rethink easy-money preferences only on outlook for long-term lasting inflation above 4% (...) Polish MPC will likely stick to bias for "lowest possible interest rates" and "weak zloty," chances for rate normalization "near zero" (26.01.2021, PAP)
E. Gatnar	4.5	"Low interest rates, maybe not at 0.1%, but say 0.5% or around some such low level will persist for a very long time." (18.03.2021, Bloomberg)
L. Hardt	4.2	"Our maneuvering room is limited (...) In a situation of high inflation and the need to rebuild the economy after the pandemic, a more fine-tuned, targeted policy would be more efficient. (PAP, 17.03.2021)
J. Kropiwnicki	3.2	"I'm not particularly alarmed by higher inflation, at least in the first half of the year, as supply and cost factors are the main reasons for higher price growth, and monetary policy has no big impact on them" (10.03.2021, Biznes 24, Bloomberg).
C. Kochalski	2.2	"In the current conditions, that is amid rebounding economy [PAP: and] with inflation within the target range, rate stabilization is the right approach, I believe," (10.02.2021, PAP).
R. Sura	2.1	"I would not exclude such a scenario [PKO: rate cuts] in the future (...) [PKO: while] inflation in 2021 will be approaching the middle of the inflation target tolerance band, (...) and economic developments and expert opinions delivered to us parallelly and analyzed by us should point at a possibility of a further rate cut, with concurrent demonstration of positive effects for the real economy. (...) As of today I do not see such a need and the current rate regime appears "optimal."" (30.12.2020, PAP).
G. Ancyparowicz	1.8	"I think that at the moment further interest rate cuts will not make credit cheaper, so there are no arguments for further rate cuts" (25.01.2021, Reuters)
A. Glapinski	1.5	"Our task is to increase the chances of a return to rapid economic growth after the pandemic, while maintaining price stability and macroeconomic balance. This means that we must continue our current monetary policy measures. (...) We must ensure low financing costs for all sectors. We can't allow any sudden changes in the exchange rate or bond yields to limit our growth prospects." (23.03.2021, Dziennik Gazeta Prawna daily).
J. Zyzyński	1.5	"The interest rates in the next several quarter should remain on an unchanged level, but the Council has still not renounced a possibility of potential rate cuts - the likelihood of such a move has neither increased nor fallen of late. Nonetheless, it would not be a big stimulus for the economy, as the room for cuts is only 0.1 ppt for the reference rate. At the same time, discussions about tightening the monetary policy are out of the question - there are too many unknowns surrounding the functioning of the economy after the pandemic" (18.02.2021, PAP)
E. Lon	1.1	"As for postulates for hiking Polish interest rates, I believe there will be no such need at least until the end of the current MPC term " (08.03.2021, wgospodarce.pl, PAP)

\*the higher the indicator the more hawkish views. Due to the fact that the new MPC has not voted yet on interest rates changes, the positioning has been made based positively on PAP survey conducted among economists at banks in Poland (scale 1-5).

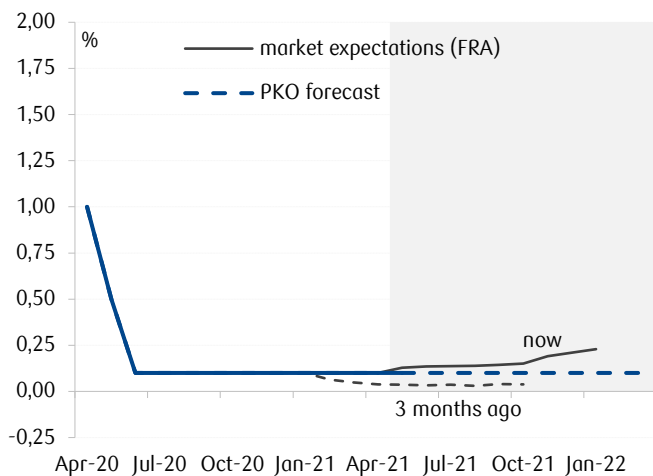
### Interest rates – PKO BP forecasts vs. market expectations

		1M	2M	3M	4M	5M	6M	7M	8M	9M
<b>Date</b>	8-Apr	8-May	8-Jun	8-Jul	8-Aug	8-Sep	8-Oct	8-Nov	8-Dec	8-Jan
<b>WIBOR 3M/FRA†</b>	0.21	0.24	0.25	0.25	0.25	0.25	0.26	0.30	0.32	0.34
<b>implied change (b. p.)</b>		0.03	0.04	0.04	0.04	0.04	0.05	0.09	0.11	0.13
<b>MPC Meeting</b>	7-Apr	5-May	9-Jun	8-Jul	-	8-Sep	6-Oct	3-Nov	8-Dec	-
<b>PKO BP forecast*</b>	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
<b>market pricing*</b>		0.13	0.14	0.14	0.14	0.14	0.15	0.19	0.21	0.23

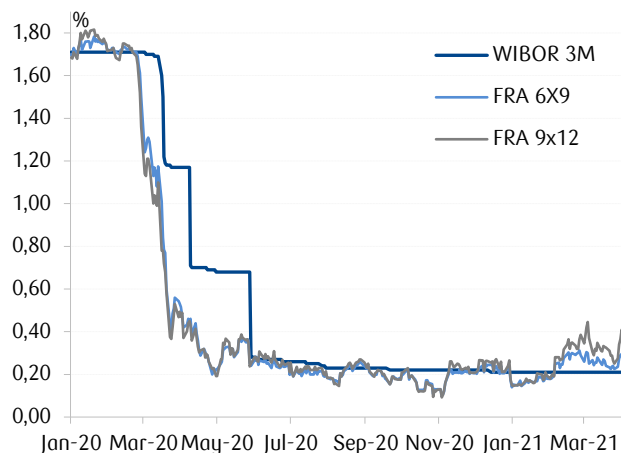
†WIBOR 3M from the last fixing, FRA transactions based on WIBOR 3M for subsequent periods, ‡in basis points, \*PKO BP forecast of the NBP reference rate.

## Poland macro chartbook

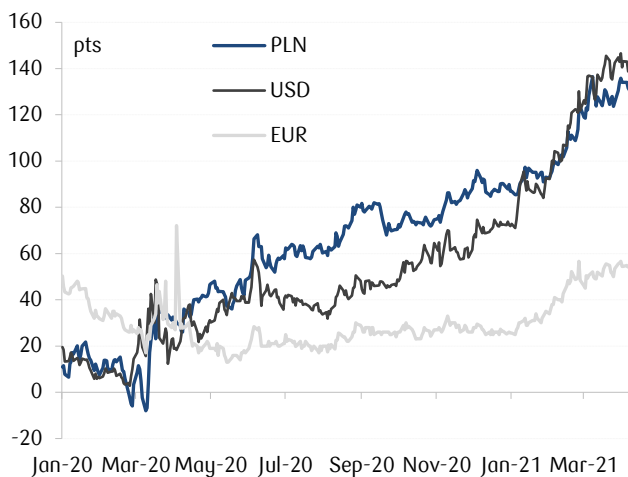
NBP policy rate: PKO BP forecast vs. market expectations



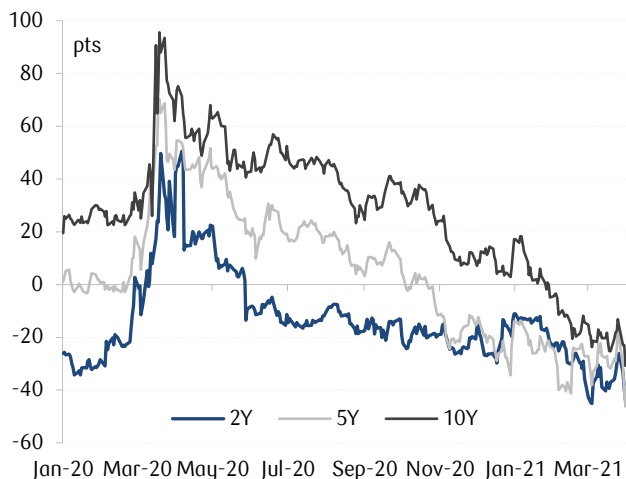
Short-term PLN interest rates



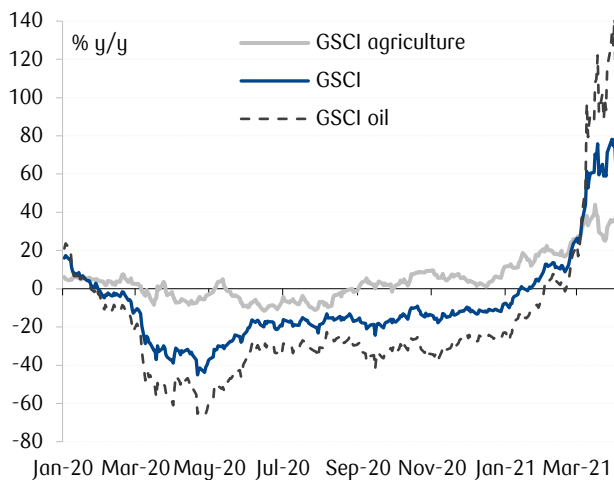
Slope of the swap curve (spread 10Y-2Y)\*



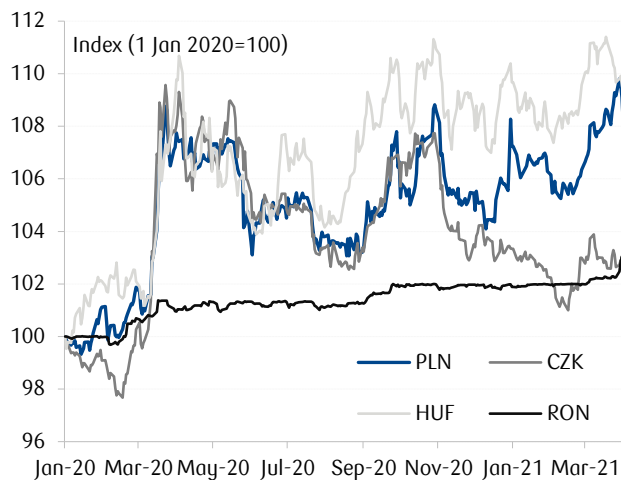
PLN asset swap spread



Global commodity prices (in PLN)



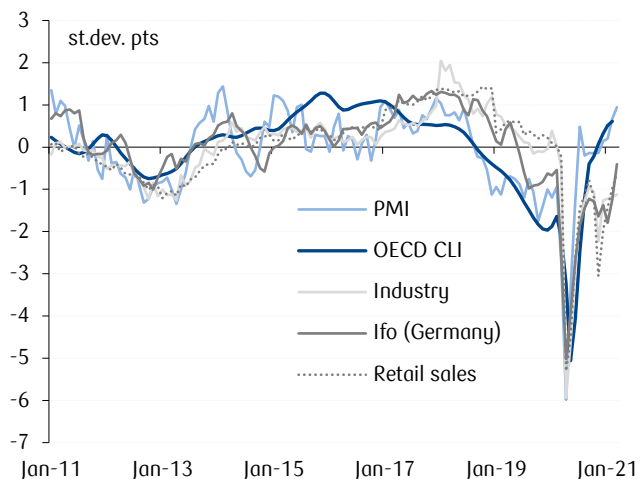
Selected CEE exchange rates against the EUR



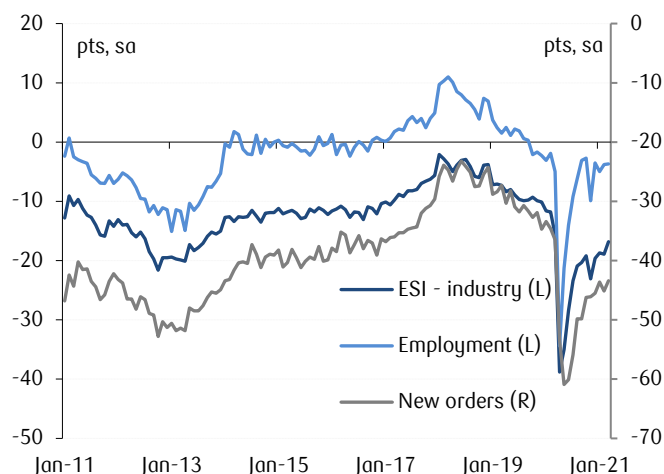
Source: Datastream, NBP, PKO Bank Polski. \*for PLN, and EUR 6M, for USD 3M.



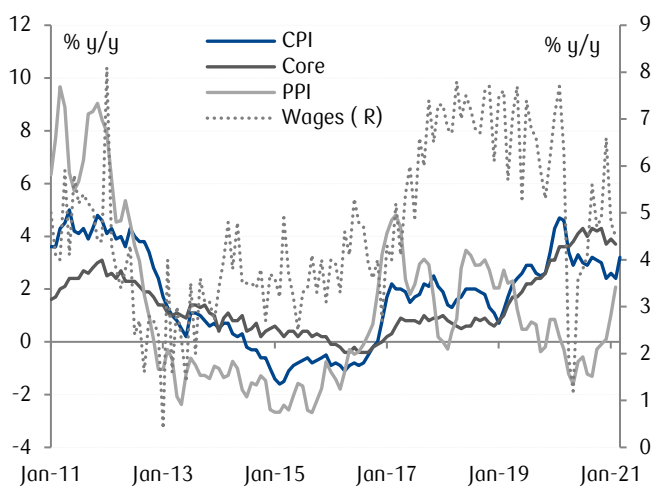
Economic sentiment indicators



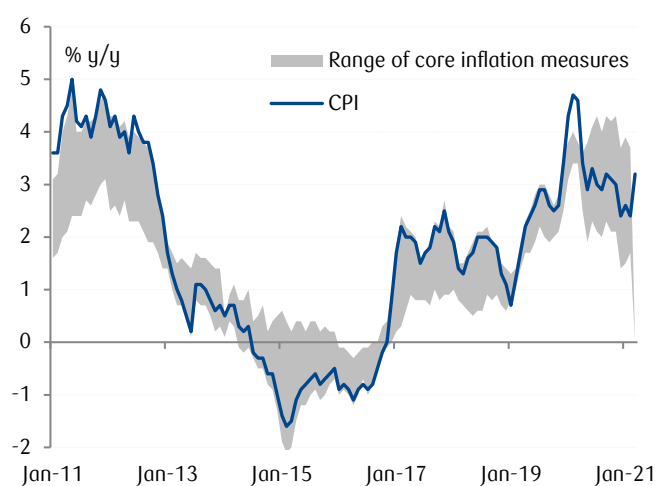
Poland ESI for industry and its components



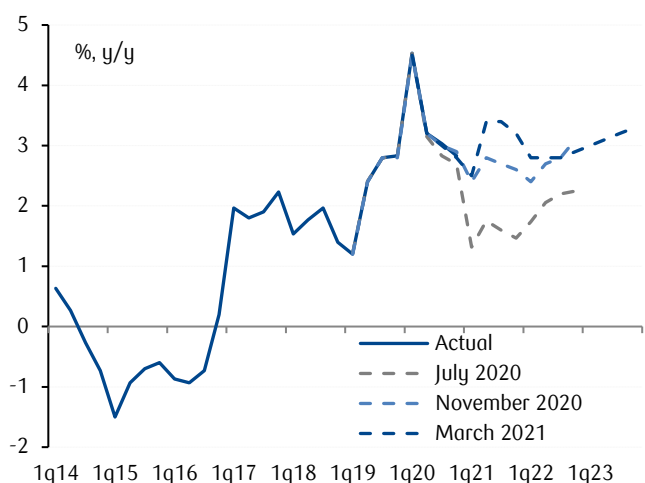
Broad inflation measures



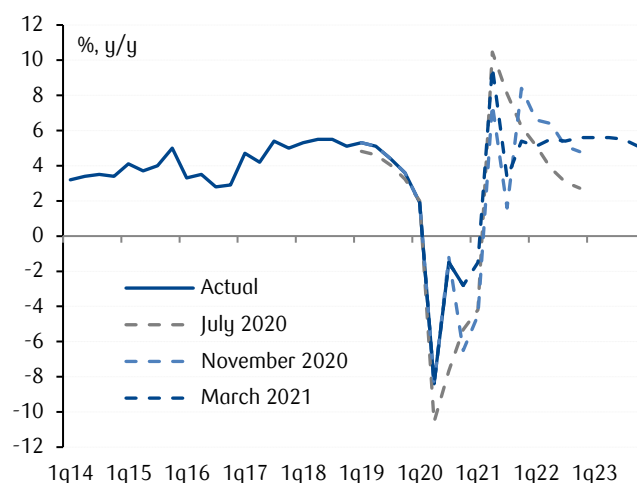
CPI and core inflation measures



CPI inflation - NBP projections vs. actual

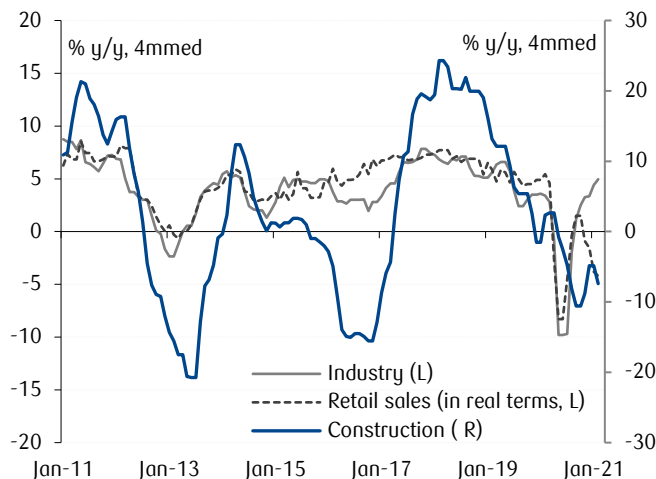


Real GDP growth - NBP projections vs. actual

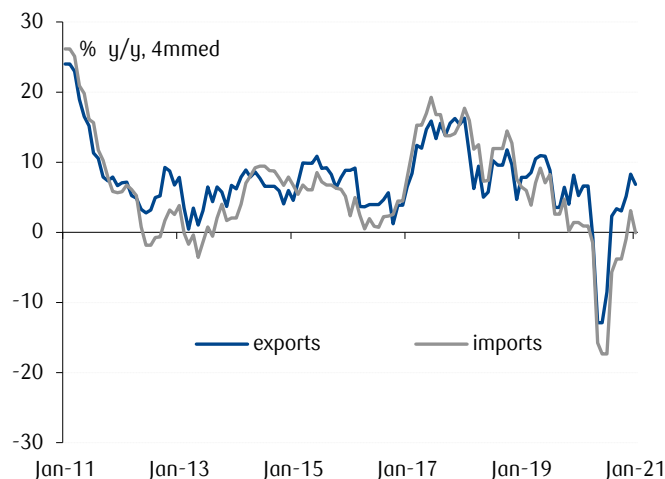


Source: Datastream, GUS, EC, NBP, PKO Bank Polski.

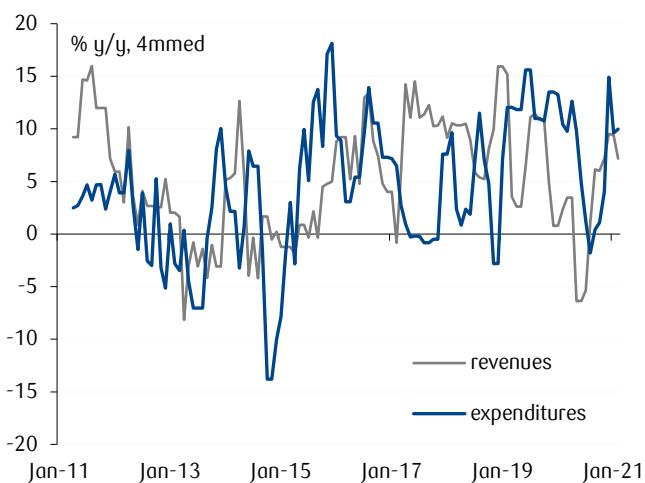
**Economic activity indicators**



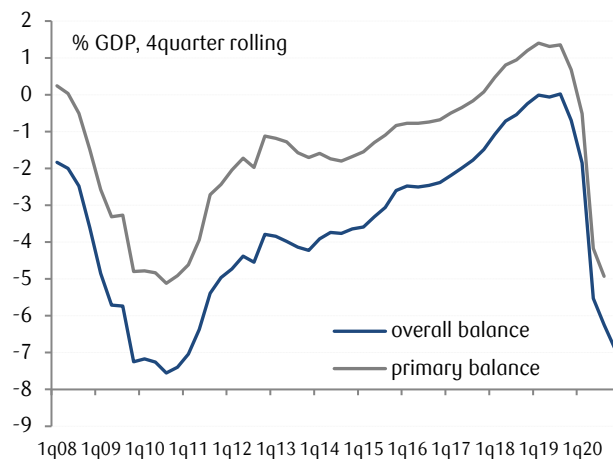
**Merchandise trade (in EUR terms)**



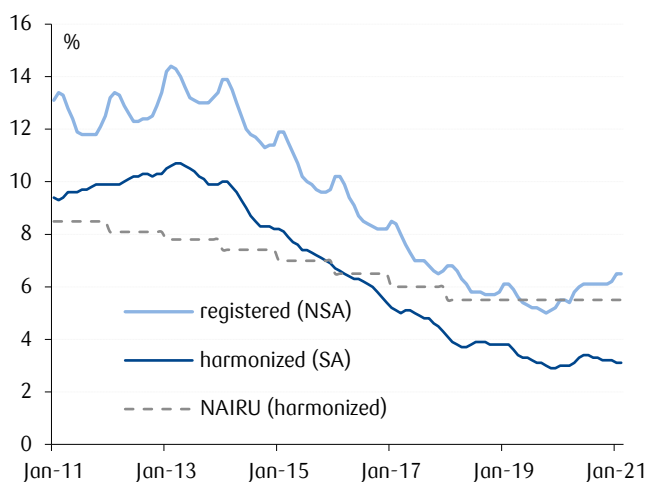
**Central government revenues and expenditures\***



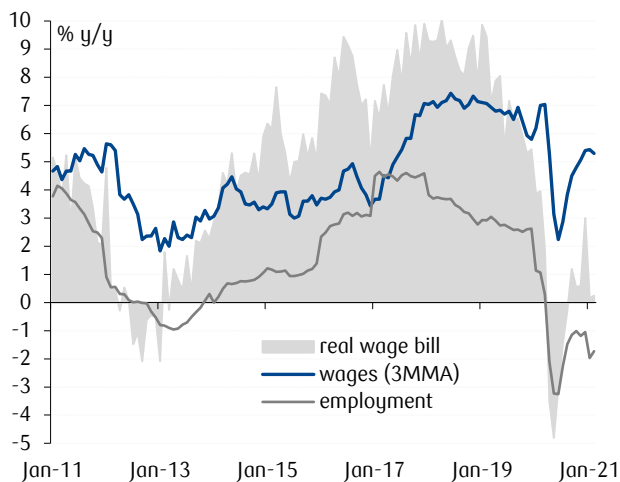
**General government balance (ESA2010)**



**Unemployment rate**

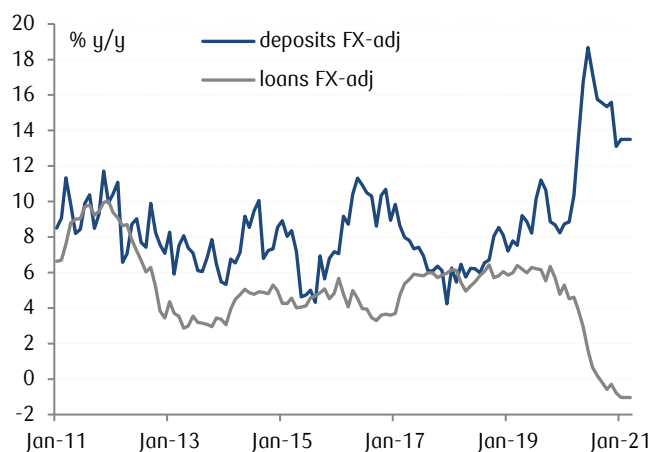


**Employment and wages in the enterprise sector**

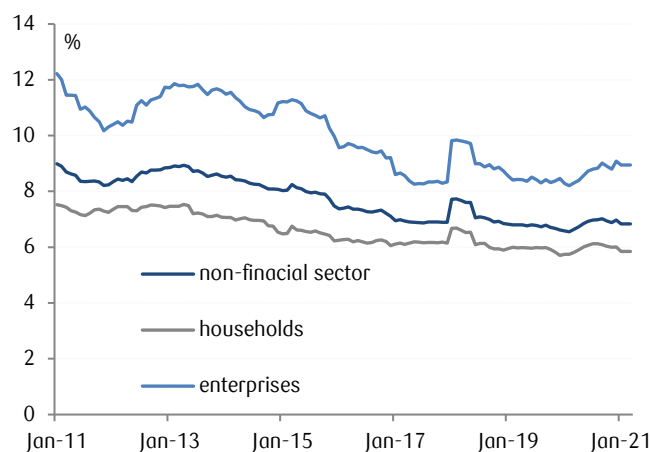


Source: NBP, Eurostat, GUS, MinFin, PKO Bank Polski. \*break in series in 2010 due to methodological changes.

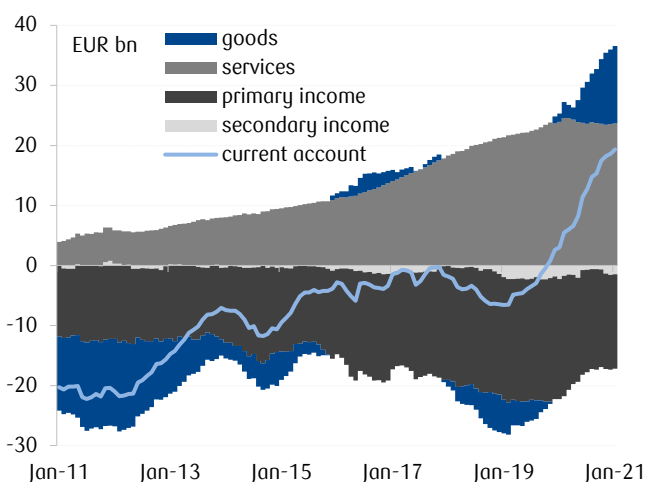
## Loans and deposits



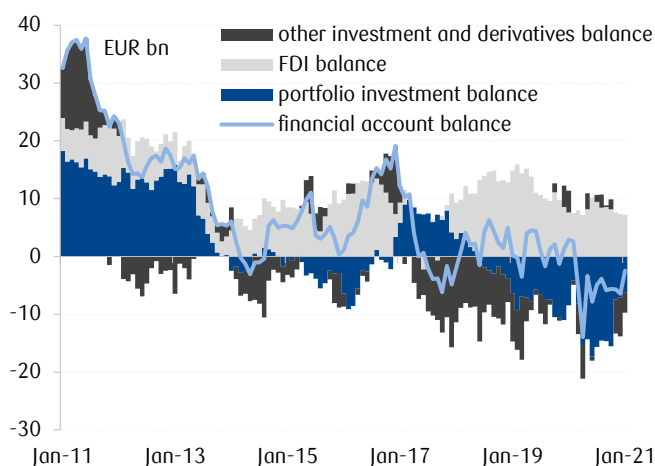
## Non-performing loans (NPLs) - by sectors\*



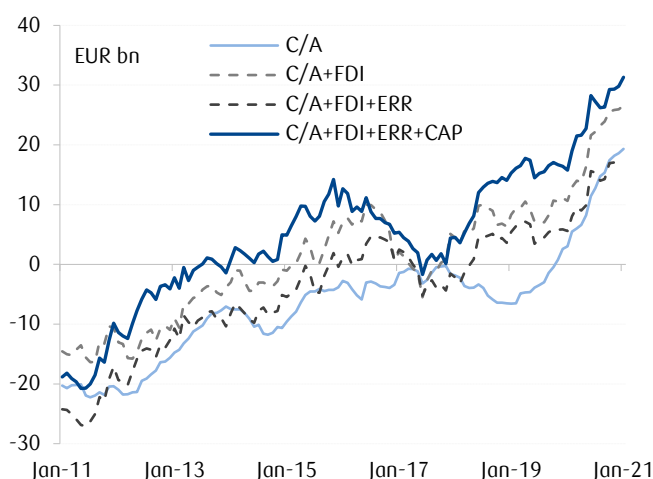
## Current account balance



## Financial account balance



## External imbalance measures



## NBP FX reserves (in EUR terms)



Source: NBP, PKO Bank Polski. \*break in series in Jan2018 due to methodological changes.

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## Poland's macro in a nutshell

	2020	2021	Comment
<b>Real economy</b>			
- real GDP (%)	-2.7	4.7	Despite a more difficult-than-expected start of the year, we still forecast a strong rebound in the domestic economy in 2021. The global recovery supports Poland's exports. We still believe that consumption (along with easing restrictions) and "shifted" fiscal stimulation will be an important driver of growth this year. 1q21 will be the last quarter of negative GDP growth rate. 2q21 will be determined by a low base. In 2h21 a longer period of GDP growth will begin, driven by fiscal, monetary and trade impulse and a decline in the savings rate, followed by an inflow of EU funds.
<b>Prices</b>			
- CPI inflation (%)	3.4	3.1	Inflation will remain close to the upper inflation target band (3.5%). Strong economic recovery shortens the pandemic-related disinflationary period, and, combined with regulatory changes (power levy, trade tax, sugar levy), pushes CPI inflation above 3%.
<b>Monetary aggregates</b>			
- M3 money supply (%)	16.4	10.5	With the rebound of the economic growth, we expect credit demand to increase slowly, fueling a moderate bank lending expansion. Smaller scale of asset purchases will result in a deceleration of money supply growth.
<b>External balance</b>			
- current account balance (% GDP)	3.5	2.8	The balance of payments has become the main strength of Poland's macroeconomic fundamentals. Polish companies are successfully gaining the market share in global trade and Polish exports are breaking new records on a regular basis. Poland has become a net exporter, which is a hugely important structural change, that increases the room for maneuver in both monetary and fiscal policy.
<b>Fiscal policy</b>			
- fiscal balance (% GDP)	-6.9	-3.4	We see no threat to the sustainability of the public finances. In our view Poland, as a competitive economy with high GDP growth potential and moderate inflation, will begin to quickly 'outgrow' the public debt, which has increased due to pandemic.
<b>Monetary policy</b>			
- NBP reference rate (%)	0.10	0.10	Despite high inflation NBP monetary policy will not be exciting. In our baseline scenario we still assume that NBP interest rates will remain unchanged even after 2021, and that the MPC will continue its asset purchases program. Nevertheless, as the economy recovers and relatively high inflation persists, the market might start to expect that monetary policy normalization will start in Poland even before the major central banks will start to tighten their policies.

Source: GUS, NBP, Eurostat, PKO Bank Polski.

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